

*Anti-Inflation Policies*

It is because the parties in the opposition recognize that we are in a recession and are concerned about the government's lack of action that the matter is being discussed here at this time. As an hon. member pointed out a few minutes ago, significantly, the government's interest in this matter is demonstrated by the rows of empty seats on the government side of the House.

**Some hon. Members:** Hear, hear.

**Mr. Lambert (Edmonton West):** There are rows and rows of empty seats.

**Mr. Douglas (Nanaimo-Cowichan-The Islands):** The Minister of Finance is the only cabinet minister present and he only came in a few minutes ago. I think there are four Liberal members in the House at this time, which shows how concerned they are about the present economic conditions of this country.

**An hon. Member:** Only four Liberals are here.

**Mr. Douglas (Nanaimo-Cowichan-The Islands):** The government's anti-inflation program is based on the wrong diagnosis and on wrong economic prescriptions. We agree that the government is justified in being concerned about inflation and rising prices. Any government has to be. Galloping inflation can destroy an economy and any government would be negligent in its duties if it did not cope with the problem of inflation and rising prices for the consumer. The government has got into trouble because it has made a mistaken diagnosis. It has mistaken the symptoms for the disease. The Government has accepted as a fact the mistaken notion that our inflation in Canada is the result of too much money chasing too few goods. Consequently, it has adopted the nineteenth century tools of blanket fiscal and monetary restraints. Senator Lamontagne, who formerly sat on the government side as a cabinet minister in the Liberal government, said this recently in the city of Toronto, as reported in the *Globe and Mail* of March 25:

Canada currently is suffering from cost-push inflation, rather than the demand-pull variety,—

The Senator went on to say:

This kind of inflation is structural, not cyclical in character, and it originates from the use of monopolistic controls in the supply side by both business and labour unions, not from excessive over-all demand. Thus it is quite possible to have at the same time cost-push inflation and deficient aggregate demand, rising prices and recession.

[Mr. Douglas (Nanaimo-Cowichan-The Islands).]

Senator Lamontagne said the government's anti-inflationary policy was the work of "decadent Keynesians", and he charged the government with "unconscious cynicism". There can be no doubt that the results of the government's ill-advised anti-inflation policies have been disastrous for Canada. We still have rising prices, and to that misfortune the government has added unemployment and an economic slow-down. The victims of this policy are the poor and the people who live in the least developed areas of Canada. The poor are hit twice: first, because the cost of living is still going up; and second, because many of them are thrown out of a job. When discussing these things in the question period, the Prime Minister keeps saying, "The Canadian people must exercise discipline" and "We have to break the inflationary psychology." Mr. Speaker, why is it always the people in the low income groups who have to learn discipline?

**Some hon. Members:** Hear, hear.

**Mr. Douglas (Nanaimo-Cowichan-The Islands):** Does anyone think that the government's anti-inflation policy will teach discipline to bank presidents, company managers, Members of Parliament and Senators? They will not be affected by the government's restrictive measures. It is the people who had nothing to do with inflation, the people who suffer most from inflation, who are now suffering most from the government's attempt to cure inflation. The same thing is true of the poorer regions of Canada. These are the regions that were not responsible for the cost-push inflation which we are experiencing; but they are suffering all the consequences of the economic recession which this government has imposed on Canada in an attempt to stop inflation. The work of the Minister of Regional Economic Expansion (Mr. Marchand) is being nullified every day by the monetary and fiscal restraints imposed by the Minister of Finance.

The motion before us speaks of the government's arrogance. Nowhere is its arrogance shown more clearly than in its persistence in following an anti-inflation policy that has incurred the criticism of almost every reputable economist in Canada. The government's Economic Council, which contains some of the best economists in the country, told the government as far back as last September in its Sixth Annual Review that:

Further fiscal and monetary restraint could conceivably result simply in higher rates of unemployment